

brilliant in business and influential in politics. He was a towering figure in the Cleveland landscape. His influence was felt far and wide—not only locally but in the State and nationally. He now passes into legend. I commend to your attention the following article.

DEVELOPING COMMUNITY—THE LEGACY OF  
JAMES CARNEY SR.  
(By Larry Durstin)

One of the most frequent stories told about James Carney Sr., who was referred to in the 1970s as the most powerful man in Cleveland and who died last month at the age of 84, was how he would often perform a philanthropic deed for someone in need and invariably say, "Now don't tell anyone about it."

And while his son, James Jr., kiddingly explains that his dad probably was motivated more by a desire to avoid drawing large numbers of supplicants not truly in need than he was by modesty, nonetheless the preponderance of evidence suggests a legacy of genuine compassion and altruism—characteristics that will be just as much in need as his legendary vision and perseverance if today's leaders are to succeed in meeting the huge challenges involved in developing strong and vital communities into the next century.

It's true that each person's life serves as a kind of road map to how or how not to live. But looking at the life of a business and political giant like James Carney Sr.—son of Irish immigrants, survivor of the Depression, lawyer, elected official, multi-millionaire developer, Democratic Party power broker—is like looking through a telescope at Twentieth Century Cleveland to find the key to how we, as a community, got to where we are in the hopes of discovering exactly what personal and collective qualities will be required to guide us where we need to go.

Carney's journey began on Cleveland's West Side where he and his brother John went into the family's excavating business following the death of their father in 1929. A huge part of their work at that time was digging out basements using horses and wagons. He graduated from Holy Name High School in 1931, attending college and received a law degree from Western Reserve. He was admitted to the Ohio Bar Association in 1941. After serving three years in the Army, he and John started their own law firm.

In 1946, Carney began what would turn out to be a lifetime romance with politics by following his brother into the Ohio House of Representatives, where he served six years, two of them as minority leader. In 1952, with political stardom within reach, he lost a primary election race for the United States Senate to future Ohio governor Michael V. DiSalle. Carney couldn't have known it at the time but, though just 40, he would never again hold elected office. He would, however, soon turn his business experience, brilliant mind and tough negotiating skills to land development—where he had as much or more impact on Cleveland and surrounding communities as did anyone in the past half century.

"Jim Carney was one of the most under appreciated people we've ever had in this community," says Sam Miller, chairman of Forest City Enterprises and former partner with Carney in several businesses. "He was a pioneer in every aspect. He took a look at downtown on its way to desolation and on his own decided to do something about it. He went in when absolutely no one wanted to."

What he did was, in the early and mid '60s, begin to redefine Cleveland's downtown image by developing the Hollenden House, the Bond Court Hotel and the Ohio Savings Plaza. At the time these were the first significant developments in downtown in around 40 years.

"He also went into Westlake and bought large tracts of acres before anybody had any idea what Westlake was," Miller asserts. "He was truly a visionary, but a very practical one."

According to Miller, despite Carney's success, he was treated as somewhat of an outsider because he was an Irish Catholic, not a WASP, and had come up the hard way. "He wasn't part of the power establishment, but the power establishment had left a total vacuum. Carney came in and filled that vacuum because they didn't want to dirty their hands. You gotta scuffle like Carney did. He was resented because of his success and because he didn't belong to the fancy country clubs. Hell, I don't know if he was ever a member of the Union Club."

It's obvious listening to Miller talk about Carney that there was a deep kinship between them, one that went beyond simply being business partners. "He used to tell me he was considered 'dirty lace Irish' but when it came to being a mover and a shaker, believe me, he was. Like me, he knew that in certain circles he was an outsider and he understood it. He was one of the smartest men I've ever known. He was my teacher. He showed me how to buy land, how to rezone land. He showed me the whole thing. He was a real idol to me."

Although Carney was unsuccessful in his dream of becoming mayor of Cleveland—losing to Ralph Perk twice in the early '70s—a brief summary of his positions and accomplishments gives a clear indication of what a towering figure he was in Cleveland's public and private sectors.

At one time or another in the 30 years prior to his death he was Director of the Union Commerce Bank, board president for the Cleveland Convention and Visitors Bureau, chairman of the Greater Cleveland Growth Association, vice chairman of the Port Authority Board, and president of the CMHA board. Additionally, he was one of the most powerful local and state Democrats (being one of the first in Ohio to spot Jimmy Carter as a potential winner and sponsoring a breakfast for him in '76) and a major real estate developer throughout Cuyahoga County and as far away as Florida, Colorado, Texas and Missouri.

But despite the staggering breadth of Carney's resume and the size of his fortune, when his son is asked to reflect on his dad's influence, he speaks of subtler things. James Carney Jr., is no stranger to either the political or business world—having served as a Cleveland City Councilman and school board member along with running several of the family businesses. Still, he feels his father's legacy lies more in terms of personal and community values than profits or political power.

"My father taught me not to look down on anyone—regardless of race, ethnicity or economic status. He had as much respect for the guy who swept up the bank as he did for the bank president. He would walk downtown at noon and destitute folks—some people would call them bums—would say 'Hi Jim' and he would greet them in the same way he would his millionaire buddies. I was taught—by example—to respect all people and to work hard. We had friends who were from the wealthy elite and friends who were on welfare. And judging by the incredible cross section of folks who showed up at his funeral, I think he was successful in touching all kinds of people. I'm very proud of that."

But despite his "don't tell anyone about it" modesty in doing charitable deeds and his capacity to be genuinely respectful of people from all walks of life, make no mistake, James Carney, Sr. had a ton of power and he knew how to use it. Politics and high-level real estate dealings are contact

sports—and Carney, his business competitors and political enemies all had plenty of scars to show from their battles with each other in board rooms, back rooms and court rooms.

Carney was very open and up front about operating in both the corporate and political world, something you don't see many leaders doing nowadays. "It was a little easier in the old days to jump into both worlds," says James Jr. "Today there are so many rules and regulations, so much media scrutiny, so much of a 'gotcha' mentality that many talented people shy away from both politics and the corporate arena, let alone being openly active in each at the same time. Another thing that's changed is that in the old school there was, for better or worse, a strong loyalty ethic. As times changed that ethic became a handicap for my dad."

In fact it was the issue of loyalty that was at the center of two events in the late '80s—the selling of his downtown hotels and the serving on the rancorous CMHA board—that perfectly capsulize Carney's life as a brilliant businessman, a connected politician and a generous public servant.

After many warnings to the downtown community about the inadequacies of the Convention Center, Carney became miffed when his plan to build a tunnel between his Bond Court and the Convention Center was scuttled and he began getting bad publicity concerning late hotel tax payments. Convinced that a long-time ally, Convention Bureau Director Dale Finley, was behind the bad press, Carney sold the Hollenden and the Bond Court at a very tidy profit.

Around the same time, in response to personal appeals from then Mayor George Voinovich and City Council President George Forbes, Carney accepted an appointment to CMHA board, a political meat grinder where he served with distinction for three years before resigning in 1989, as he began to feel the effects of Alzheimer's disease.

"My dad made a really good buck on the deal involving two glitzy hotels," his son says, "but then he turned right around and worked for no pay in just about the toughest public policy area—housing—involving the city's poorest people. Since he knew his way around politically, he knew who to call and how to get things done. He straightened and out the balance sheet and financial reports. He even hired a lawyer out of his own pocket. Having that position wore him out and actually cost him money—but he got the job done. In many ways it was his crowning achievement."

So if we, as Clevelanders, are looking for guideposts that will show us the way to meet the obstacles involved in developing strong and just 21st century communities, we could do much worse than simply following the map provided by the life of James Carney Sr. But that's no small task since it points to the need for leaders who are practical, tough-as-nails visionaries with compassion, a genuine commitment to public service and true sense of loyalty. It also underlines the need for citizens who treat each other with respect and kindness.

His is a profound and challenging legacy, one that warrants honor and emulation. Tell everyone about it.

#### MEDICARE FUNDING

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 25, 1997

Mr. CRANE. Mr. Speaker, throughout the budget process, funding for Medicaid programs will be a frequent topic of passionate debate.

This is a matter of grave importance—both to the American taxpayers and to their duly elected representatives in this constitutional body. It deserves careful consideration by all members.

As we debate possible increases or decreases in the funding of various programs included in Medicaid, we must be certain the funding is used wisely and as intended.

A recent issue of the Washington Times included an article by nationally syndicated and widely respected columnist Phyllis Schlafly which suggests that we may not always know the final destination of the money we appropriate to Medicaid. I believe it raises a serious question as to the actual usage of taxpayer money—a question worthy of consideration by the members of this body. I represent Barrington, IL which is referenced in the column, and I am concerned about the information Mrs. Schlafly has shared with the public. It is for that reason I thought it important to share this with the members of the House and have included a copy of the article in the RECORD.

[From the Washington Times, Jan. 18, 1997]

#### SMOKING GUN IN THE MEDICAID MYSTERY

(By Phyllis Schlafly)

Medicaid, the federal program that provides health care to people on welfare, is one of the biggest problems that the 105th Congress will have to tackle if it is serious about balancing the budget in the foreseeable future. Medicaid costs more than \$100 billion a year and is rising far more rapidly than inflation, demographics or poverty can justify.

The smoking gun, which proves why this dramatic increase is taking place, has just surfaced in an amazing letter sent by the Illinois State Board of Education to school district superintendents. Signed by the board's "Medicaid Consultant," this letter describes in detail how public schools can exploit Medicaid to funnel a fresh flow of taxpayers' money into public schools that bypasses all traditional funding sources and accountability.

The letter's enthusiasm for spending this new money on virtually anything the bureaucracy desires is matched only by its arrogance in explaining the deviousness of acquiring it. Stating that "the potential for the dollars is limitless," the letter boasts that "Medicaid dollars have been used for purchases ranging from audiometers to minibuses, from a closed-captioned television for a classroom to an entire computer system, from contracting with substitutes to employment of new special education staff, from expanding existing special education programs to implementing totally new programs."

Most Americans think Medicaid is just fulfilling its original purpose of providing health care to people on welfare.

They should think again, because this letter reveals how politicians and bureaucrats, after taxing us for "entitlements" for needy people, then conspire to increase the cost by loading on any projects their avaricious hearts desire.

This Illinois State Board of Education letter "encourages" local public schools to use the experienced State School Board staff in order to "maximize federal reimbursement" of Medicaid dollars and use the "opportunity" to bill Medicaid for money already spent in 1994, '95 and '96. The letter describes two ways public schools "have found Medicaid to be a viable funding source."

The first initiative provides Medicaid funding through school-based health services. Schools may bill Medicaid not just for therapies, but also for "social work and psychological services, nursing and audiological

services, hearing/vision screenings, and transportation."

The second initiative allows all schools to claim Medicaid dollars for early and periodic screenings, diagnosis and treatment. The letter states that such services include "public awareness, i.e., government propaganda, identification and referral, i.e., putting private medical information on a government computer, initial health review and evaluation, initial health review and evaluation, i.e., such as the shocking, unauthorized genital exams given without parental consent to 59 sixth-grade girls in East Stroudsburg, Pa., health provider networking with Planned Parenthood?, and family planning referral to abortion clinics without parental consent?"

In fiscal 1996, \$31.7 million in federal funds were paid to Illinois schools for the first initiative and \$40.8 million for the second.

Medicaid was set up to cover only people on some form of welfare: either Aid to Families with Dependent Children or Supplemental Security Income (a program for seniors). Medicaid is a federal-state matching program, at a ratio of about 60-to-40.

In 1986, Congress inserted into the law permission for the states to expand Medicaid to cover children in families whose incomes were below the poverty line, whether their parents took welfare or not. That expansion slipped by without the taxpayers discovering it, so in 1990 Congress required states to provide Medicaid coverage to all poor children by the year 2002, and allowed states to extend Medicaid even further to the nonpoor.

This is one reason why Medicaid costs are going through the roof. In 1986, Medicaid cost about \$27 million. This year, Medicaid will cost about \$105 billion. By 2002, when the mandate is in full swing, Medicaid will cost at least \$133 billion.

Many people were puzzled when President Clinton bragged during last fall's campaign that "he" had provided health care for an additional 1 million children. Medicaid is how he did it.

No way have Hillary Rodham Clinton, Ted Kennedy and Ira Magaziner abandoned their goal of forcing America to adopt federal health care; they are just bringing it in through the schoolhouse door. When health care is provided by and in the public schools, there is no separating welfare kids from the others. They are all eligible.

The Illinois State Board of Education letter, signed by Jean Rowe, Medicaid consultant, was dated Oct. 8, 1996, but was not made public and has just been discovered. The copy that came into my hands was addressed to the Barrington, Illinois District, which is one of the wealthiest districts in the United States and proves that Medicaid is no longer a program for the "poor," but is the vehicle to saddle us with the federal medical system that the American people have rejected.

#### FAIRNESS IN MEDICAID FUNDING ACT OF 1997

HON. KAREN L. THURMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, February 25, 1997*

Mrs. THURMAN. Mr. Speaker, today, I join in a bipartisan manner with several of my Florida colleagues to introduce the Fairness in Medicaid Funding Act of 1997. For too long Federal Medicaid dollars have been directed away from States with high poverty rates. Instead, States with low poverty rates have been able to use Federal dollars to finance a significant portion of their program, without

added costs to their taxpayers. The Medicaid match formula is meant to alleviate this discrepancy; instead, it aggravates it. The formula used to calculate how Medicaid dollars are allocated is currently based upon a State's per capital income rather than the number of people in poverty.

The Congressional Budget Office has produced increasingly optimistic numbers concerning the rate of growth of expenditures in the Medicaid Program, which may stall more comprehensive reform this year. Therefore, we must act to fix the unfair basic formula that drives the current system.

The Fairness in Medicaid Funding Act changes the way we calculate the Federal match to better reflect the true goals of the Medicaid Program. Under this act, the formula will be recalculated to take into account the number of people in poverty in a State as well as a State's ability to finance program services from State revenues using the State's total taxable resources.

According to the General Accounting Office, "a formula using better indicators of States' financing capacities and poverty rates \* \* \* would more equitably distribute the burden state taxpayers face in financing Medicaid benefits for low-income residents." Based upon the GAO's recommendation, my bill makes the system more fair for beneficiaries, States, and taxpayers.

Enact the Fairness in Medicaid Funding Act of 1997 and help Medicaid do the job it was intended to do.

#### INTRODUCTION OF THE ACCESS TO EMERGENCY MEDICAL SERVICES ACT OF 1997

HON. BENJAMIN L. CARDIN

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, February 25, 1997*

Mr. CARDIN. Mr. Speaker, I rise today with my colleague MARGE ROUKEMA to introduce the Access to Emergency Medical Services Act of 1997. Companion legislation is being introduced in the Senate by Senators BOB GRAHAM, TIM HUTCHISON, and BARBARA MIKULSKI.

The Access to Emergency Medical Services Act of 1997 would enact a national definition of emergency known as the "prudent layperson" definition. The bill would ensure that health plans cover emergency care based on a patient's symptoms rather than the final diagnosis. Enactment of this definition would end the phenomena of health plans denying coverage for emergency care when chest pains turned out to be indigestion rather than a heart attack.

As you may recall, we first introduced this legislation in the 104th Congress. We ended 1996 with 154 cosponsors and had portions of the bill favorably reported by the Commerce Committee and the full Senate.

This year, the legislation has been redrafted to amend the Health Insurance Portability and Accountability Act. The goals of the bill are the same. Again, it would establish the "prudent layperson" definition of emergency as the standard for coverage under group health plans, health insurers, and the Medicare and Medicaid programs. It would also forbid any requirement for preauthorization for emergency care. A new addition to this legislation